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SUMMARY RECORD OF THE 66th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 123: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995 (continued)

Special representatives, envoys and related positions (A/48/7/Add.2 and Add.7; A/C.5/48/26 and Add.1)

Revised estimates under sections 3 and 8: Africa: critical economic situation, recovery and development (A/48/7/Add.8; A/C.5/48/74)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introducing the report of the Advisory Committee on special representatives, envoys and related positions (A/48/7/Add.7), recalled that, further to the Advisory Committee's observations, the General Assembly had expressed its concern at the fact that a certain number of high-level posts had been established and filled without prior consultation with the Fifth Committee. The Assembly had thus requested the Secretary-General to submit a report on the matter.

2. The Advisory Committee had identified 40 posts, which the Secretary-General, in his report, had grouped in three categories, and the majority of which (23) related to peace-keeping operations. The officials occupying those posts could variously be appointed to established posts or on a fixed-term or a when-actually-employed basis. The Advisory Committee regretted that the Secretary-General had not included information on special representatives, envoys and advisers appointed at the D-2 level and below. Further, the Advisory Committee had been informed that the overall cost of the posts, not including support costs, amounted to some $6.3 million.

3. The Advisory Committee, in its report, while noting the prerogatives of the Secretary-General to make appointments to established posts of special representatives, envoys and advisers, recommended: (a) that current financial regulations and budgetary procedures should be fully complied with; (b) that the Secretary-General should continue his efforts to define more clearly the functions and responsibilities attaching to such posts with a view to avoiding any possible duplication; (c) that the method for determining the costs relating to such posts should be refined and, in particular, that 365 days - and not 261 days - per year should be used for the calculation of the salaries of officials working on a when-actually-employed basis; (d) that although the status of most officials recruited against such posts was clearly defined, that of other categories, including envoys, should be specified at the earliest opportunity; (e) that intergovernmental organs be properly consulted, in which connection the Advisory Committee, while welcoming the intention of the Secretary-General to consult and inform Member States in a timely and effective manner, recommended that the establishment of all such positions that were not against established or temporary posts considered and approved by the General Assembly under the regular budget or the budget for peace-keeping operations should be with the prior concurrence of ACABQ; (f) that the Secretary-General

(Mr. Mselle)

should submit to the General Assembly at its forty-ninth session additional information on the increase in the number of high-level posts; and (g) that the the General Assembly should take note of the annex to the addendum to the report of the Secretary-General.

4. Introducing the Advisory Committee's report on revised estimates under sections 3 and 8: Africa: critical economic situation, recovery and development (A/48/7/Add.8), he drew attention to two typographical errors in the English text of the report: paragraph 4 should indicate an amount of $3,102,400 rather than $3,103,400; and paragraph 5 should refer to paragraph 19 and not paragraph 43.

5. The General Assembly, in its resolution 48/228, had requested the Secretary-General to consider the creation of a new budget section relating to the United Nations New Agenda for the Development of Africa in the 1990s and to report thereon to the General Assembly at its resumed forty-eighth session.

6. The Secretary-General, in his report on the revised estimates under sections 3 and 8 (A/C.5/48/74), indicated that the present arrangements were satisfactory since they provided for administrative flexibility in the day-to-day implementation of the programme, that accordingly it would seem desirable to maintain them, and that the appropriation of $3.1 million under section 8 should not be revised. The Advisory Committee, while noting the reasons given by the Secretary-General, was of the opinion that there were a number of shortcomings in his report and that the Secretary-General had not submitted the proposals in their proper context.

7. The implementation of the New Agenda would involve operational activities by all the organizations of the system. The Administrator of the United Nations Development Programme (UNDP), for example, had given a very clear indication of the role of UNDP in that regard (DP/1994/12). It would have been desirable for the Secretary-General to have done likewise and specified the Secretariat's responsibilities.

8. The activities to be carried out by the Secretariat in connection with the New Agenda were currently spread across various budget sections or financed from extrabudgetary resources. The Advisory Committee was of the view that the objectives set out in General Assembly resolution 48/228 should have been addressed in the report of the Secretary-General in all their aspects. In order to emphasize the accountability of programme managers, the budget was generally along the lines of organizational units. That being the case, it was the view of the Advisory Committee that if, in requesting the Secretary-General to consider the establishment of a new budget section, the intention of the General Assembly had been to incorporate in it all activities relating to the New Agenda, that would require a substantial change in existing budgetary procedures. The Advisory Committee thus took the view that the Secretary-General should analyse the implications of such a decision and report thereon to the General Assembly, taking into account any guidance the latter might provide in that regard.

(Mr. Mselle)

9. The Secretary-General estimated the total additional requirements under section 8 in relation to the New Agenda at $428,500, which he proposed to finance through redeployment of resources from section 3. For the reasons indicated in its report, the Advisory Committee was recommending that, at the present stage, the Secretary-General should be authorized to enter into commitments under section 8 not exceeding $428,500; the question of any necessary additional appropriation and of any necessary transfer of resources could be determined in the context of the performance report.

10. The Advisory Committee trusted that the staff resources authorized by the General Assembly for the Office of the Special Coordinator would be in place and would be used to the maximum extent.

11. Mr. TAKASU (Controller) introduced the addendum to the report of the Secretary-General on special representatives, envoys and related positions (A/C.5/48/26/Add.1), which updated the annex to the report.

12. The increase in the number of posts reflected the increased interest on the part of Member States in seeing the Organization play a more active role in preventive diplomacy and peace-keeping. The Secretary-General reiterated his intention to consult and inform Member States in a timely and effective manner. Nevertheless there were circumstances where the urgency of a situation required the immediate dispatch of an envoy or of a representative on a fact-finding mission.

13. With regard to the calculation of emoluments on a when-actually-employed basis, the figure of 261 days had been used in that it represented the number of working days in a calendar year. Beyond 22 days per month remuneration should be on a monthly basis. The figures were those used by the international civil service for comparison with the comparator civil service.

14. With regard to the revised estimates under sections 3 and 8, he recalled that programme 45 had been revised to integrate fully all elements of the New Agenda. The Secretary-General recommended the retention of the activities relating to the programme under section 8 since that arrangement provided high-level leadership and coordination of the activities with various organizational units of the Secretariat and other United Nations organizations.

15. Mr. BOIN (France) said that his delegation was in favour of the redeployment of resources from section 3 to section 8, while agreeing with the recommendation of the Advisory Committee in paragraph 11 of its report (A/48/7/Add.8). Nevertheless, he was concerned by the possibility of duplication of Secretariat activities by UNDP or UNCTAD. It would have been desirable for the Secretariat to have responded to the observations made by the Advisory Committee in paragraph 9 of its report.

16. His delegation was also somewhat concerned by the excessive use of consultants. Of an additional amount of $428,500, some $176,000 had been requested for consultancy services. Yet the activities to be implemented under the New Agenda were those habitually executed by the United Nations system and

(Mr. Boin, France)

he wondered whether it might not be possible to rely more on the Secretariat's expertise in that area.

17. With regard to high-level posts, he noted that the Secretary-General, in paragraph 16 of his report, did not indicate how many officials were chosen from within the Organization and how many from outside. Steps should be taken forthwith to ensure that, if necessary, and should there be a retrenchment in peace-keeping operations, the posts in question would be abolished so that the officials against those posts would not represent a charge to the Organization.

18. Mr. DAMICO (Brazil) hoped that the Secretary-General would submit an updated list of the persons appointed to the posts referred to in the report.

19. Mr. HALBWACHS (Director, Programme Planning and Budget Division), in reply to the question of the representative of France concerning the use of consultants, explained that the Office of the Special Coordinator for Africa consisted of only four professional staff, who were responsible for coordinating activities but could not deal with substantive issues. Therefore, the services of consultants were required.

20. Mr. BOIN (France) said that in-house staff should be used and that it would be cause for concern if United Nations bodies did not possess the necessary expertise to deal with Africa.

AGENDA ITEM 124: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued) (A/48/460 and Corr.1, A/48/506 and Add.1 and A/48/565 and Corr.1)

21. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's consideration of a question as broad as improving the financial situation of the United Nations, and the Fifth Committee's subsequent debate on the subject, would be facilitated considerably if the reports and proposals of the Secretary-General were submitted and discussed in the context of specific agenda items. For example, proposals largely concerned with the regular budget such as those related to the Working Capital Fund, or proposals concerning the scale of assessments for peace-keeping operations, should be discussed when those agenda items were taken up. In the opinion of the Advisory Committee, that approach would minimize confusion and enable the debate and negotiations among Member States to be more productive. Accordingly, it was the intention of the Advisory Committee to come back to the questions of the financial situation relating to peace-keeping operations when the Committee considered the Secretary-General's reports on the Peace-keeping Reserve Fund and on the question of effective planning, budgeting and administration of peace-keeping operations (A/48/945).

22. Since it had submitted a number of reports on proposals submitted by the Secretary-General for improving the Organization's financial situation, most of which related to the regular budget, the Advisory Committee had decided that a further report was not warranted at the present stage. However, an oral summary of the Committee's position on certain recurrent proposals of the Secretary-General might be useful.

(Mr. Mselle)

23. With respect to the proposal to increase the Working Capital Fund, the Advisory Committee had considered, in its report contained in document A/45/860 of 13 December 1990, that an increase in the Working Capital Fund did not constitute "a solution, even a partial one, to the financial difficulties of the United Nations. Moreover, ... implementing such an increase prior to the resolution of the Organization's financial difficulties could lead to a worsening of the situation, since the outstanding obligations of certain Member States might even increase as a result. In any case, to increase current or future assessments while some Member States still owe significant amounts on prior assessments would result de facto in payment by those Member States which have fulfilled their financial obligations to the Organization of the shortfall created by those Member States which have not" (para. 10). The Advisory Committee had recommended that a decision to increase the level of the Fund should be deferred until the principle of payment by Member States of their full financial obligations to the Organization - the underpinning of the financial health of the United Nations - was honoured (para. 11). By its resolution 45/236 B, the General Assembly had taken note of the Secretary-General's proposal and the relevant observations of the Advisory Committee and had decided to revert to the matter at the forty-sixth session. By its resolution 47/215, it again took note of the subsequent views of the Secretary-General and the Advisory Committee on the subject and decided to revert to the question at its forty-eighth session.

24. With regard to the proposal to charge interest on unpaid assessments, the Advisory Committee had stated in its report of 11 December 1991 (A/46/765) that "the time has come to seriously consider such a proposal, which may well be an effective disincentive to late payment" (para. 9). However, it had also stated its view that the proposal as contained in the Secretary-General's report (A/46/600/Add.1) was not sufficiently explained and that a detailed proposal which would address the various causes of the problem as well as the modalities of the system envisaged would have to be outlined. In its resolution 47/215, the General Assembly had taken note of the report of the Advisory Committee and, n paragraph 10 of the same resolution, had requested the Secretary-General to make proposals for a possible system of incentives for implementation before 1 January 1995.

25. The suspension of the provisions of articles 4.3, 4.4 and 5.2 of the Financial Regulations of the United Nations that provided for the return of budget surpluses (unencumbered balances) to Member States following the end of the financial period relating to the regular budget was intended to increase the cash available to the United Nations by enabling it to retain temporarily any budgetary savings that might have resulted. As indicated in the Secretary-General's report (A/46/600/Add.1, para. 29), the desired result was achieved only when assessments were paid in full and, in the light of the exceptionally high level of unpaid assessments, the budgetary savings were in fact merely theoretical or "paper cash". However, the mandatory return of even "paper savings" resulted in lower future assessments and had a consequential detrimental effect on the Organization's cash position. Consequently, the Secretary-General had recommended the suspension of financial regulations 4.3, 4.4 and 5.2. The Advisory Committee had concurred in the proposal but had

emphasized the need to maintain it as a temporary measure on a case-by-case basis (A/46/765, para. 10). With regard to authority to borrow commercially, the Advisory Committee, in its report A/46/765, had considered that, as it had indicated in previous reports (A/36/701 and A/42/861), "such borrowing would involve payment of interest which could be substantial ... and would thus impose additional financial burdens on all Member States" (A/46/765, para. 14).

26. The Advisory Committee had accepted the establishment of a Peace-keeping Reserve Fund (A/46/765, para. 12) and a $150 million Peace-keeping Reserve Fund had been established by the General Assembly in its resolution 47/217. With respect to the establishment of a peace endowment fund, the Advisory Committee required a policy decision by the General Assembly (A/46/765, para. 13). Further, the Committee considered that the proposal concerning the General Assembly's appropriation of one third of the estimated cost of each new peace-keeping operation once the Security Council had decided to launch the operation (A/C.5/47/13, annex I) "is not in conformity with the current financial regulations and the budgetary process". Finally, budgeting for peace-keeping operations would be considered by ACABQ shortly in the context of the Secretary-General's report on the effective planning budgeting and administration of peace-keeping operations (A/48/945).

27. The Advisory Committee understood that a report on improving the financial situation of the United Nations would be submitted by the Secretary-General at the forty-ninth session. The Committee would issue a report at that time. In that connection, he recalled that, in its resolution 47/215, the General Assembly requested the Secretary-General to continue to provide information on the financial situation of the Organization on a regular basis and to include in his reports "information on arrears and outstanding contributions in relation to assessments, on the cash flow situation of the Organization and on any possible additional elements which would enable Member States to be fully apprised of the various aspects of the financing of United Nations activities, including consolidated information on a biennial basis on the amounts owed to each troop-contributing country based on existing data". The Assembly also requested the Secretary-General to "take steps to strengthen, inter alia, through the application of the integrated management and information system, the central management of all cash resources available within the Organization, including optimizing the use of available cash, taking into account resources earmarked for discharging unliquidated obligations and those appropriated for implementing multi-year projects under the General Fund".

28. The Advisory Committee had held a meeting with representatives of the Secretary-General to exchange views on the financial situation, in particular in the area of peace-keeping operations. It had been apparent that the concerns that had been expressed and reiterated by the General Assembly in its resolution 47/215 continued to be relevant in 1994. The Advisory Committee trusted that the requests addressed to the Secretary-General in that resolution would be taken fully into account in the preparation of his report to the forty-ninth session on the improvement of the Organization's financial situation.

29. Mr. TAKASU (Controller), commenting on the status report on unpaid assessments as at 31 May 1994 which had been distributed during the meeting, said that the amounts remaining due reached almost $1 billion for the regular budget and over $1.9 billion for peace-keeping operations. Some payments had been received since 1 June, but the picture remained the same. Forty-nine Member States had paid their assessments to the regular budget in full, five more than on the same date during the previous year, but 90 had not made any payments. Although the States who had made the efforts to pay their assessments earlier during 1994 deserved thanks, the fact was that funds would be exhausted at the beginning of September if major amounts were not paid before then.

30. The situation regarding peace-keeping operations was even more serious and payments were too low and too late to allow the United Nations to cover its expenses. Consequently, reimbursement of amounts due to troop-contributing countries, which had a credit balance of over $400 million for expenditures relating to troop contributions had to be delayed. The $65 million Peace-keeping Reserve Fund had been exhausted. It was impossible for the Secretariat to predict the amount and distribution of payments that would be made over the coming months, but if the current situation continued, the funds would be exhausted in August.

31. The Secretariat strongly urged Member States to expedite their payments. He would keep them informed on the changing situation, and might be forced to call upon them for action to address it.

32. Solutions to the problem of the medium- and long-term financing of the Organization must also be found. In that connection, the report of the independent advisory group on the financing of the United Nations provided a good starting-point, in addition to the many proposals received from other sources. The Member States must begin urgent negotiations to decide on action to be taken in response to all those proposals, taking into account the observations of the Secretary-General. The principle of full and timely payment of assessments remained fundamental, but experience had proven that simply pointing out that principle was not enough to ensure that the Organization would have sufficient means available to function. It was paradoxical that the United Nations found itself in such a precarious financial situation at a time of ever-rising expectations in the areas of peace and security, development, humanitarian assistance and human rights, among other equally important areas. He hoped that the Member States would actively consider measures to remedy the situation. Whether or not they followed the recommendations of the Secretary-General, it was absolutely necessary to make choices that would allow the Secretariat to address practical issues arising from the implementation of the chosen measures.

33. Ms. ERICKSSON FOGH (Sweden) speaking on behalf of the Nordic countries, said that the United Nations was forced to operate under impossible conditions. Non-payment or late payment of assessments was certainly not a new problem, but it assumed unprecedented seriousness as the number and complexity of missions entrusted to the United Nations continued to increase. Membership of the United Nations included in particular the obligation to pay assessments in full, on time and without conditions, and a country's failure to comply with that

(Ms. Ericksson Fogh, Sweden)

obligation, whatever its size, was tantamount to a treaty violation. As the Controller had emphasized, the troop-contributing countries, which included the Nordic countries, were bearing an increasing share of the burden of unpaid assessments, to the point where the United Nations might have increasing difficulty in finding countries willing to commit troops. The Nordic countries regretted that the Secretary-General had not offered more proposals to improve the financing of the Organization, as the General Assembly had requested in its resolution 47/215, for example, possible incentive systems that could be implemented "before 1 January 1995". There had not been enough time at the fall session to review the existing proposals, but the Nordic countries were prepared to address the problem without delay.

34. Mr. FONTAINE-ORTIZ (Cuba) said that the situation was at an impasse and was likely to remain so, because he saw nothing new in the Secretary-General's proposals compared to those which had already been rejected at the forty-seventh session. It was high time to attack the continuing financial crisis, even if the word "continuing" had discreetly been removed from the agenda, but to that end, innovative proposals needed to be offered for discussion.

35. One of the reports brought to the attention of the Committee concerned a study which had not been mandated by the General Assembly, but had been conducted by an external advisory group established by a private foundation. As it had already stated, the delegation of Cuba would not participate as a matter of principle in negotiations dealing with the recommendations of such a group. Therefore, it awaited proposals from the Secretary-General which, to break the impasse, should be truly new and should begin by responding to the specific concerns expressed by the General Assembly in its resolution 47/215. Furthermore, it would be appropriate, as the Chairman of the Advisory Committee had suggested, to consider the financing of the regular budget and of peace-keeping operations separately.

36. Mr. BOIN (France) said that it was not realistic to expect anyone to submit any truly original ideas because the financial problems remained the same and the possible solutions were well-known and relatively simple. For example, any organization other than the United Nations would charge interest on late payments: the solution did not need to be invented, all that was needed was the decision to implement it. Furthermore, his delegation did not see any reason either of principle or of procedure that would prevent the General Assembly from considering the report of the independent advisory group transmitted to it by the Secretary-General. On the contrary, it believed that the recommendations submitted in that report were among the points to be considered during the discussion. On the other hand, it shared the view of those who regretted that the Secretary-General had not come up with the specific proposals requested in resolution 47/215.

37. France hoped to receive a highly detailed and complete status report on the financial situation of the United Nations at an early date. From the outset, the distinction should be made between global sums owed by States and the portion of that amount made up of arrears as defined in the Financial Regulations. Next, that status report should provide details on all the

(Mr. Boin, France)

accounts payable of each of the special peace-keeping accounts, instead of being confined, as the Controller had done, to the amounts for troop-contributing costs; it should indicate the amounts due for all types of expenditure, as well as sums internally borrowed from accounts other than troop-contributing accounts.

38. That information should provide a clearer picture and lead to an understanding of how the United Nations could manage to operate with a deficit of nearly $3 billion in accounts received. Clearly, it was being financed in part by third parties to which it did not pay its debts, and it was imperative to know how far it was extended in order to better understand the financial crisis and to find the most appropriate solutions.

39. Mr. GOKHALE (India) said that his delegation believed that only proposals formulated by the Secretariat or by Member States should be submitted to the Committee. It hoped that that was the first and last time that a report by an independent group from outside the Organization was circulated as a General Assembly document.

40. It agreed with the Chairman of the Advisory Committee that the question of improving the financial situation of the Organization concerned not only the regular budget but also the peace-keeping operations and activities financed by voluntary contributions. The peace-keeping aspects of the question should therefore be considered during the debate on financing those operations (agenda item 138). Concerning the amounts owed to troop-contributing countries, it should be stressed that the burden borne by those countries exceeded their assessed contributions under the budget: that should be recognized and an effort should be made to reimburse them at the earliest possible date. The Secretariat should publish a breakdown of amounts owed for each of the operations. Under paragraph 3 of resolution 47/215, it was even supposed to provide consolidated information on a biannual basis on the amounts owed to each troop-contributing country - not only for ongoing operations but also for amounts which had not been reimbursed for 30 years, for example, the amounts owed to India in respect of the United Nations operations in the Congo and the United Nations Emergency Force (UNEF).

41. Mr. MICHALSKI (United States of America) said that his country shared the concerns expressed by the Swedish delegation regarding the treaty obligations of States. Thirty years earlier, the General Assembly had ruled in favour of certain countries which had refused to pay their contributions to two peace-keeping operations to which they were opposed. The problem of unpaid contributions therefore went back several decades. At the time, his delegation had accepted that derogation to international law on the understanding that the same preferential treatment would be accorded to it if, one day, it had occasion to request it. That had not happened and it would probably never happen, but that historical detail should be recalled.

42. As for the current situation, it might be said that the Secretariat had lost all credibility by crying wolf. It was true that it had cash-flow problems and that, particularly in the past few years, the troop-contributing countries

(Mr. Michalski, United States)

were bearing the burden. He did not wish to caused them unnecessary concern, but it might be useful to recall that the United States was in a position to know that such debts could not always be recovered. In one century, his country had earmarked some $12 trillion for defence, much of it for wars it had not started but in which it had been compelled to participate, and the amounts owed to it after the conflicts had ended had never been repaid. That was a typical expression of gratitude for supporting a noble cause.

43. In order to improve the analysis of the financial situation of the United Nations, the Secretariat should submit at the earliest possible date an itemized statement of all expenditures and receipts of the Organization since its inception, for the regular budget and for each of the peace-keeping operations. A case-by-case comparison could thus be made of total receipts (including interest and miscellaneous) and total actual expenditures at the end of 1993 and the extent to which the amounts assessed over the years had exceeded real needs could be determined. It was conceivable that such a comparison would show that the United Nations had managed to stay afloat by artificially inflating assessed contributions, which would at least serve to destroy once and for all the myth that it was constantly on the verge of bankruptcy.

44. Consequently, the situation was not as desperate as it was made to appear and the oft-repeated word "crisis" was inappropriate. The United States was strongly opposed to the measures put forward - particularly the charging of payment for late interest, recourse to the financial markets and an increase in working capital - and was prepared to state its reasons in each case. In that connection, it would be useful if the Secretariat provided a statement of the amounts owed to troop-contributing countries, broken down by age, i.e., how long they had been outstanding.

45. Mr. SHARP (Australia) shared the concern expressed by other delegations concerning the financial situation of the Organization. Unpaid contributions, which had reached an intolerable level, were a drain on the financial reserves of the Organization and were the cause of serious delays in effecting payments to troop-contributing countries. Indeed, the financial situation of the Organization had deteriorated since the statement made in November 1993 on behalf of Australia, New Zealand and Canada in which the three delegations had proposed various measures designed, inter alia, to review the means of implementing Article 19 of the Charter of the United Nations and to establish a unified peace-keeping budget. While he, too, felt that the lack of specific proposals was regrettable, he hoped that some would emerge from the discussion in the Committee.

46. Mr. MERIFIELD (Canada) agreed with the Australian representative that the Committee had a role to play and that if specific recommendations were not formulated in the resolution, its members could at least provide direction and guidance that would pave the way for a consensus on genuine ways and means of improving the financial situation of the Organization. It was difficult to understand the objections raised to the consideration of the recommendations of the Independent Advisory Group on the United Nations financing contained in the note by the Secretary-General (A/48/460). He believed, in particular, that the

(Mr. Merifield, Canada)

proposals relating to the financing of peace-keeping operations were worth considering.

47. With regard to the submission of a financial statement as of 31 May 1994, as requested by the French delegation, he expressed the hope that, in accordance with General Assembly resolution 48/228, which requested the Secretary-General to include every three months in his report on the status of contributions a summary financial statement, Member States would at least be provided with a financial statement as of 31 March 1994. In his view, such periodic financial information should be systematically provided by the Secretariat. He also hoped to receive an estimate of the cash flow and the shortfall for August 1994 and information on the measures proposed to cover it. It would be interesting to know the amount of the set-offs entered for those countries in arrears, even if the idea of deducting arrears was not acceptable.

48. He regretted that the report submitted by the Secretariat did not give enough credit to those countries which made an effort to pay their contributions on time, and proposed that it should mention those countries whose arrears did not go back more than 30 days. The question of the system of incentives to be implemented on or before 1 January 1995 in accordance with General Assembly resolution 47/215 should not be difficult to resolve. Certain financial rules, in particular rule 504, should also be revised, so that it specified when contributions were payable on the basis of the proposals put forward by the Secretary-General.

49. Mr. JU Kuilin (China) shared the concern of the States members of the European Union about the financial situation of the United Nations. All Member States must make an effort to remedy the situation - which was not new - particularly within the context of the Working Group coordinated by the representative of Bangladesh. He agreed with the Cuban representative that questions of procedure should be guided by General Assembly resolutions.

50. Miss PEÑA (Mexico) welcomed the fact that the Advisory Committee had reached the same conclusion as her delegation: on 23 November 1993, Mexico had expressed the view that the findings of the Independent Advisory Group should be discussed during consideration of the specific and relevant agenda items of the General Assembly. She wished to know how the group's proposals would be considered, i.e., individually - or as a package; if the latter procedure was chosen, it was not acceptable to her delegation. The administrative measures taken to improve the Organization's financial situation had little chance of success if Member States did not have the political will to pay their financial obligations on time and in full. Like other delegations, the Mexican delegation wondered whether the General Assembly should be taking decisions based on documents issued by non-governmental bodies, or even by governmental bodies which had no Assembly mandate.

51. Mr. GOUMENNY (Ukraine) said that his delegation had no objection to considering a detailed report in which the Secretary-General transmitted the proposals put forward by a group of eminent personalities. The proposals, which were identical to those submitted at the beginning of the forty-eighth session,

(Mr. Goumenny, Ukraine)

had not led Member States to change their attitude. The reason for the financial crisis of the Organization was to be found in the growing indebtedness of a great many Member States. The solution was an equitable apportionment of the expenditures of the Organization among the different countries, particularly those belonging to Group B. It would then be easier to ensure that Member States paid their contributions in full and on time, particularly for peace-keeping operations. Proposals for reviewing the implementation of the Charter or for establishing a penalty system should not be discussed in the context of a scale of assessments and an apportionment of costs which have become anachronisms.

52. Mr. BLUKIS (Latvia) shared the view of the Advisory Committee that the Secretary-General's proposals and reports should be submitted and debated separately during consideration of the relevant agenda items. It would be necessary, however, to have an overview of the various questions and their place in the general context of the Organization's financial situation; to that end, priorities should be set. Perhaps the question of the scale of assessments for the regular budget and for peace-keeping activities should be considered, with more emphasis on the legal aspect of the situation. With regard to that point, raised by the Swedish delegation on behalf of the Nordic countries, his delegation believed that knowing which countries paid their contributions in full and on time should not be the only concern.

53. Mr. CLAVIJO (Colombia) said that of the proposals put forward for resolving the Organization's cash flow problems, some were more realistic than others and the proposal to charge interest to those countries which had not paid their contributions on time should be considered.

54. Mr. TAKASU (Controller) said that the chart prepared by the Secretariat and circulated as a Conference Room Paper gave a breakdown of contributions owed under the regular budget and peace-keeping operations. In the "regular budget" column, the words "current year" meant the 1994 financial year and "prior years", previous years, in most cases 1993 or 1992. Contributions owed in previous years could be defined as arrears. The column "current period" for peace-keeping operations concerned operations for which letters of assessment had been sent after 1 January 1994 and sometimes included certain activities carried out in 1993. (He drew the Committee's attention to note B.)

55. The Secretary-General's position on the question was known from the proposals he had submitted, some of which were reproduced in paragraph 5 of his report (A/48/565). For example, the Secretary-General had put forward a proposal on charging interest on late payments, which had been considered by Member States. Further elaboration of methods of calculating interest would not take place until their views were known. With regard to financing of peace-keeping operations and the reimbursement of troop expenditures for each operation, he was prepared to furnish any additional information required during informal consultations.

56. The CHAIRMAN said that the Vice-Chairman, Mrs. Emerson, would conduct informal consultations on the question. A schedule of the meetings would be published shortly.

AGENDA ITEM 133: FINANCING OF THE UNITED NATIONS MISSION FOR THE REFERENDUM IN WESTERN SAHARA (A/48/848/Add.1 and A/48/947)

57. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/48/947) on the revised cost estimates submitted by the Secretary-General in document A/48/848/Add.1, said that, in its resolution 48/250, the General Assembly authorized the Secretary-General to enter into commitments at a rate not to exceed $3.7 million gross per month for the period from 1 April to 10 May 1994 (para. 13) and to enter into commitments for the same amount for the period from 11 May to 31 July 1994, with the prior concurrence of the Advisory Committee (para. 14). In the same resolution, the Assembly also invited the Secretary-General to keep under review the senior management structure of the United Nations for the Referendum in Western Sahara (MINURSO), including a review of the modalities of employment of the Special Representative of the Secretary-General (para. 15). The total authorized amount, with the prior concurrence of the Advisory Committee, was $14.8 million for the four months under consideration.

58. In its report, the Advisory Committee noted that the additional requirements of $2.1 million had been requested under civilian personnel costs (A/48/947, para. 9) to provide for the addition of 29 civilian police, 72 international staff and 26 locally recruited staff. The personnel recruited would be responsible for carrying out activities in connection with the implementation of option B contained in the Secretary-General's report to the Security Council (S/1994/283) and on the basis of which the Council had adopted its resolution 907 (1994). Other additional resources had been requested under contingent-owned equipment ($2.7 million - see A/48/947, paras. 10 and 11) and transport of contingent-owned equipment ($792,000).

59. The Advisory Committee concurred in the Secretary-General's proposal to reactivate the assistant secretary-general post of the Deputy Special Representative but recommended that the D-2 post should be abolished (A/48/947, para. 12). The Advisory Committee was not entirely satisfied with the Secretary-General's explanation in document A/48/848/Add.1 regarding the follow-up to his recommendations, and invited the Secretary-General to reconsider the points raised in his previous report. The Advisory Committee recommended that the Secretary-General's proposal contained in paragraph 15 of his report should be approved.

60. The Advisory Committee stressed that the Mission might suffer on account of the non-payment of contributions due from Member States, which amounted to $20.3 million. It recommended that the Secretary-General should be authorized to enter into commitments at a rate not to exceed $3.4 million per month for the period from 1 August to 30 September 1994; that amount would be utilized from the unencumbered balance ($6.8 million).

61. Mr. TAKASU (Controller) said that the Secretariat had implemented a number of recommendations of the Advisory Committee, particularly those concerning the personnel in the Medical Unit, the amount of mission subsistence allowance, the movement control staff and the number of General Service staff (paras. 24 to 28 of the report of the Secretary-General). Six staff members in the movement control unit and eight General Service staff had been repatriated and replaced by civilians. The medical unit staff had also been repatriated and should be replaced by medical teams sent by Member States. The Secretariat was doing everything in its power to find qualified personnel to replace the international General Service staff. He stressed that if the contributions owed by Member States were not paid in the next few months, the cash flow and the continued operation of the Mission would be severely affected.

62. Mr. GRANT (United States of America) said that consideration of the points raised in paragraphs 6 and 7 of the report of the Advisory Committee, in particular, the question of mission subsistence allowance for staff members who were away voluntarily on the weekend, should not be deferred but should be considered during the informal consultations.

63. Mr. ZAHID (Morocco) thanked the Secretariat for having submitted its report on time. Noting the decision by the Secretary-General to retain the modality of employment of his Special Representative (A/48/848/Add.1, para. 20), he expressed the hope that that would not adversely affect the smooth functioning of MINURSO. He welcomed the reactivation of the post of Deputy Special Representative at the assistant secretary-general level.

The meeting rose at 1.10 p.m.